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DAN SMOOT

SOVIET DEBTS

On January 11, 1960, an Associated Press dispatch from Washington said:

"A long-standing cold war issue was to go on the negotiating table today when Soviet diplomats meet with Americans to talk about paying off the Soviet Union's wartime lend-lease debt to the United States.

"Soviet Ambassador Mikhail Menshikov and aides met U. S. negotiators headed by Charles E. (Chip) Bohlen at the State Department to start a third East-West try at settling the dispute. . . .

"U. S. authorities were making no public predictions about how the U.S.-Soviet lend-lease negotiations will go this time after failures in 1947-48 and 1951-52, but there is lots of room for compromise.

"When the last direct talks broke off in 1952, American bargainers had cut an asking price of \$1,300,000,000 down to 800 million dollars. The Soviets had come up from zero to 300 millions.

"Although the United States sent about 11 billion dollars worth of military and economic aid to the Soviet Union while the two countries were World War II allies, Washington is asking for repayment only for goods which had civilian economic value after the war.

"These include a synthetic tire plant sent to the Soviet Union, oil refinery equipment, locomotives, radio beacons, machine tools, small military trucks, food and clothing.

"While the United States has indicated a willingness to compromise on its asking price, officials say they won't agree to a Soviet payment that falls below the payments made by other allies on their lend-lease debts. . . ."

If the American negotiators really believe they will ever settle the "dispute" about Soviet debts to the United States, except by giving the Kremlin whatever it wants, they are guilty of stupidity and ignorance. No one believes that Christian Herter (our Secretary of State) and Charles Bohlen (Assistant Secretary, who is conducting these Soviet debt negotiations) are either stupid or

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ignorant. Why, then, these negotiations which must be fruitless, in so far as American interests are concerned? Before attempting to answer that *why*, let us turn to the record for proof that negotiating with the Soviets for payment of what they owe us can produce nothing but humiliation and defeat for the United States.

* * * * *

THE OLD RECORD

The bolsheviks seized control of the Russian government in November, 1917. In June, 1918, they attempted to establish formal diplomatic relations with the United States. But from then until 1933, their overtures were rejected. Presidents Wilson, Coolidge, Harding, and Hoover refused to recognize the Kremlin mob as a legitimate government.

When Franklin D. Roosevelt was inaugurated President on March 4, 1933, he started preparations for reversal of this established policy.

In 1933, however, career diplomats in the State Department — schooled in the old policy of not recognizing the Soviet Union — were cautious in laying the groundwork for the abrupt reversal of policy which Roosevelt wanted.

On July 27, 1933, the chief of the State Department's Division of Eastern European Affairs, in a memorandum to Cordell Hull, Roosevelt's Secretary of State, said:

"The experience of countries which have extended recognition to the Soviet government has shown . . . that there are serious obstacles in the way of establishment of relations with Russia . . . and that so long as these obstacles remain, official relations . . . tend to become . . . the source of

friction and ill-will, rather than the main-spring of cooperation and good will.

"The fundamental obstacle in the way of establishment (of normal diplomatic relations) with Russia . . . is the world revolutionary aims and practices of the rulers of that country

"Another serious difficulty . . . is the unwillingness of that government to observe certain generally accepted principles governing the conduct of nations toward each other The Soviet government has rejected international obligations which the experience of mankind has demonstrated are vital to the satisfactory development and maintenance of commerce and friendly intercourse between nations"

On September 21, 1933 — Cordell Hull, in a memorandum to President Roosevelt, said:

"As you know, recognition of the present regime in Russia has been withheld by the Government of the United States, on account of the failure of the Soviet government to carry out certain international obligations which are considered essential to the maintenance of friendly and mutually advantageous relations between the United States and Russia. The Soviet government, for instance, has repudiated Russian obligations held by the United States Government and by American citizens, and has confiscated the properties of American citizens invested in Russia

"Recognition by the United States is greatly desired by the Soviet authorities, since they are apparently convinced that recognition by the United States would be a factor in preventing a Japanese attack on the Maritime Provinces (of the Soviet Union). The Soviet government also appears to believe that recognition by the United States would open the private banking resources of the United States to the Soviet Government, and facilitate the obtaining of credits in other countries. Finally, there is no question but that the Soviet authorities realize that recognition would strengthen the prestige of the Soviet government, not only abroad, but also at home, where it is faced with tremendous difficulties in

carrying out its industrial and agricultural programs

"I am convinced, from the experience of other countries, that unless we utilize every available means in exerting pressure on the Soviet government in order to obtain a settlement of outstanding problems, there is little likelihood that such problems can be satisfactorily solved. It is evident that if loans of any considerable amount should be extended to the Soviet government, except as a part of an agreement involving a satisfactory settlement of such problems, one of our most effective weapons is taken from our hands."

On October 4, 1933, William C. Bullitt, Special Assistant to the Secretary of State, wrote a memorandum to Cordell Hull, in which he said, among other things:

"Before recognition, and before loans, we shall find the Soviet government relatively amenable. After recognition or loans, we should find the Soviet government adamant."

None of these warnings had any effect. On October 10, 1933, Roosevelt notified the Kremlin that he wanted to establish diplomatic relations, and he invited an official representative to the United States. On November 8, 1933, Maxim Litvinov, People's Commissar for Foreign Affairs, arrived in Washington to begin negotiations.

On November 10, 1933, after two days of fruitless negotiation with Litvinov and his staff in the customary, diplomatic way, Cordell Hull took Litvinov to see President Roosevelt personally. After a gay and informal chat, Roosevelt suggested that Litvinov return that evening for private discussions.

Litvinov returned. For six days and most of six nights, Roosevelt and Litvinov were in close consultation in the President's study at the White House. Sometimes Roosevelt was attended by State Department aides; sometimes, not. No record was

made of any of the negotiations—of what actually happened; what promises were made; what commitments were mutually entered into by Roosevelt and Litvinov.

What the world knows is that in the dying midnight hour of November 16, 1933, Roosevelt and Litvinov established diplomatic relations between the USSR and the USA, by initialing a group of memoranda, exchanged between themselves at the White House, which they called the "Gentlemen's Agreement."

Prior to Litvinov's arrival in the United States, Roosevelt's advisors had urged him to get in writing, from the Soviet Union, specific commitments and iron-clad agreements on the \$628 million in debts which Russia owed the United States, among other things.

As to the debts—the only thing put in writing was that Litvinov agreed to stay in Washington after diplomatic relations were established, in order to negotiate a settlement. Litvinov returned to the Soviet Union almost immediately after diplomatic relations were established. No beginning had been made on the settlement of the debt problem.

The United States government had popularized the idea of recognizing the Soviets by leading the American people to expect a large expansion of trade with Russia after relations were established. It was, of course, impossible for this trade to expand until the knotty problem of the debts was solved, because the Soviet Union, having repudiated all foreign debts, could not obtain credits. Hence, most of our negotiations with the Soviet Union, during the first year of our formal diplomatic relations with them, were devoted to persistent but fruitless efforts to settle this outstanding problem.

Before the end of the year 1933, America's first

ambassador to the Soviet Union, William C. Bullitt, presented his credentials in Moscow.

During his first twelve, hopeful days in Moscow, December, 1933, Bullitt did not try to begin negotiations on the irritating debt and trade problem with the Soviet Union, but he reported that he did casually mention the matter to Litvinov:

"... (Litvinov) said that the Soviet Union was not interested in developing a large export and import trade, but hoped to make itself as nearly self-sufficient as possible. On the other hand, if considerable credits could be obtained, the Soviet Union would be glad to continue to buy from the United States considerable quantities of imports of all kinds"

By February, 1934, the State Department had drawn up a formal proposal on a settlement it was willing to accept on the outstanding Russian debts. Our proposals were generous. The Soviet Union owed us \$628 million. We proposed to settle for the equivalent of \$90 million. But when Bullitt presented this proposal to Litvinov, in Moscow, he was amazed at the anger and the vehemence with which Litvinov rejected it.

Litvinov told Bullitt that the Soviet Union was not interested in building up trade with the United States, that it could get needed industrial equipment elsewhere.

Throughout the year 1934, the only concrete proposal that Litvinov ever made with regard to the debts was that the Soviet Union would settle the \$628 million of American claims against the Soviet Union for \$100 million, provided the United States government would give the Soviet Union an unconditional, no-interest loan for \$200 million.

On September 15, 1934 — Secretary of State Cordell Hull said:

"Personally I have little idea that the Soviet

officials will come to any reasonable agreement. Litvinov won his victory when he obtained recognition, and regards everything else as of minor importance"

On January 31, 1935, Cordell Hull wrote the final comment on our hopeless efforts:

"... in an effort to arrive at an agreement with the Soviet government with respect to debts, claims and credits for trade, negotiations were begun more than a year ago in Moscow and continued in Washington"

"The government of the United States indicated its willingness to accept . . . a greatly reduced sum to be paid over a long period of years To facilitate the placing of orders in the United States by the Soviet government on a long-term credit basis, the Government of the United States was prepared to make . . . loans to a very large percentage of the credit granted"

"We hoped confidently that this proposal would prove entirely acceptable to the Soviet government and are deeply disappointed at its rejection The negotiations which seemed so promising at the start must now be regarded as having come to an end."

The Roosevelt administration concealed its disappointment and turned its efforts to negotiating a commercial treaty with the Soviet Union.

The old debt problem was never settled — just forgotten.

* * * * *

WHY?

If we would tell the Soviets that we intend to break diplomatic relations until and unless they

pay us what they owe us and until and unless they take real steps toward keeping all their other official agreements with us, we would probably get quick results.

No one dreams that the Eisenhower-Nixon administration would ever do such a manly and sensible thing; so, what is the purpose of the present debt negotiations, since our officials know that we can accomplish nothing for our own country? The debt negotiations can accomplish something for the Soviet Union; and that is, no doubt, their purpose.

When Khrushchev was on his thirteen-day tour of the United States in 1959 he publicly mentioned, on an average of about twice a day, that he wanted loans from the United States — always holding out the bait of increased trade between the United States and the Soviet Union. This bait is as obviously rotten now as the same bait was in 1933. Roosevelt and his communist friends and braintrusters promised American businessmen that recognition of the Soviets would stimulate vast and profitable American trade with the Russian people. Trade between Russia and the United States never did amount to much; but it has never been as much since the communists took over as it was during the days of the tzars.

At any rate, Khrushchev made it clear while he was in the United States that he expected to get loans from America. And Khrushchev has a remarkable record of getting, in the end, what he demands of the Eisenhower-Nixon administration.

The January 11, 1960, State Department announcement of the current debt negotiations said the talks "are an outgrowth of Premier Nikita Khrushchev's visit with President Eisenhower last September."

In other words, Khrushchev asked for the dis-

cussions.

No one — who has carefully watched the Roosevelt-Truman-Eisenhower attitude toward the Soviets during the past 25 years — doubts that the present administration would instantly give the Soviet Union direct multi-million, or multi-billion, dollar grants and loans of American tax money, if it were believed the American people would stand for such a thing. They wouldn't stand for it; so, some other means must be found to give Khrushchev the American money he wants.

Here is what to watch for: a Soviet offer to settle the World War II debts — the offer contingent upon the Soviets' being able to get loans from the United States, just as Litvinov's insulting offer in 1934 was. The offer which the Soviets are likely to make sometime during this year will not be quite so insulting — or, if it is, the American people won't know it. We will be subjected to propaganda — all vague, as to precise terms — about the hard bargaining of our State Department officials. Our government will probably make indignant announcements rejecting any suggestion that the Soviets be given loans by the *United States government*.

Ultimately — some time after the spring summit meeting, perhaps — we are likely to hear that "an accord" has been reached on the debt problem. Again, the terms are likely to be vague. And then, presently, we may notice that the Soviets are getting what amounts to multi-million dollar development loans from private American business firms. American firms, combining for the purpose, will contract to build huge industrial plants and other costly projects in the Soviet Union. If we look deeply enough — indeed, if governmental censorship permits us to look at all — we may find governmental pressures upon, and governmental "help" (with tax money) to, the private American

business firms building industrial plants for the Soviets.

A little later, we may find the Soviet Union getting multi-million dollar loans from the "international" lending agencies (World Bank, and so on) — whose loan funds consist primarily of American tax dollars.

* * * * *

BOHLEN

If anyone has any doubt that the current "debt" negotiations between the United States and the USSR will help the Soviets and hurt America, he can resolve the doubt by considering the history of the man who is representing the United States: Charles Bohlen.

Bohlen, an extreme leftwinger, has been in the State Department for 30 years. He is the only official who was present at *every* formal summit conference ever held. Bohlen was at Cairo, Teheran, and Yalta with Roosevelt during the war. He was at Potsdam with Truman in 1945. He was at Geneva with Eisenhower in 1955.

On one occasion at Yalta, during the period when Russia was demanding *sixteen* votes (to our one) in the United Nations, Roosevelt, Alger Hiss, Stalin and an interpreter were left alone in a conference room. When Roosevelt (then a dying man) came out of the room with Alger Hiss, he announced that an agreement had been reached which would give the Soviets *three* votes to our one in the General Assembly of the United Na-

tions. The American delegation protested. Roosevelt, sick and weary, said:

"I know I shouldn't have done it. But I was so tired when they got hold of me."

Who were *they*? There were four people in the room: Roosevelt, Stalin, Alger Hiss, and the interpreter.

The interpreter was Charles Bohlen.

As it turned out, Bohlen was more than an interpreter and note-taker at Yalta. He was closely identified with formulation of the Yalta agreements which resulted in the communist rape of central Europe, and, ultimately, of China.

Yalta became a major political issue in the presidential campaign of 1952; and Charles Bohlen—a career man in the State Department—injected himself into the political controversy by making an unqualified defense of the Roosevelt deals made at Yalta.

During the campaign of 1952, General Eisenhower pledged himself to repudiate the Yalta agreements.

In March, 1953, President Eisenhower appointed as our new ambassador to Russia Charles Bohlen: one of the architects and defenders of the Yalta agreements, which Eisenhower was pledged to repudiate.

Senators Joseph McCarthy, Styles Bridges and William Jenner laid Bohlen's record before the Senate, trying vainly to prevent Bohlen's confirmation.

In July, 1955, when Eisenhower (having completely forgotten his solemn pledge about Yalta) went to Geneva to make his own "Yalta" deals, Charles Bohlen went with him.

In 1956, Charles Bohlen removed any doubts that anyone might have had about his attitude toward communists and communism. He gave his endorsement of Dr. Robert Oppenheimer and said he approved of Oppenheimer's appointment to lecture at Harvard — on ethics and philosophy.

Oppenheimer is the man who was fired from the Atomic Energy Commission as a security risk, because of communist activities. Oppenheimer had an illicit affair with one woman who was a card-carrying member of the communist party. He married another woman who was a party member. Oppenheimer's brother was a party member. From 1937 to 1942, Dr. Oppenheimer — a professor with modest income — contributed between five hundred and a thousand dollars a year to outfits known to him as communist organizations. His association with high-ranking communists and Soviet espionage agents was extensive and continuous during the years when he was at the head of the Los Alamos atomic energy project. One communist agent approached Oppenheimer about relaying atomic energy secrets to Russia. Oppenheimer said he declined to do it; but, when officially questioned, he gave false information about this episode — later admitting that he had lied.

Charles Bohlen knew all of this when he said he approved Oppenheimer as a lecturer on ethics at Harvard in 1956 — because Oppenheimer had admitted all these things; and his admissions had been widely publicized.

In 1957, John Foster Dulles (then Secretary of State) transferred Bohlen from Russia to the Philippines. Conservatives hoped this "demotion" of Bohlen indicated an anti-communist trend in the State Department; but that was a vain hope. In the summer of 1959, very shortly after Christian Herter succeeded the late Mr. Dulles as Secretary of State, Bohlen was given the biggest promotion of his career: he was made Special Assistant to the Secretary of State, in charge of Soviet affairs.

Well informed conservatives know what this move means: it means that "Soviet affairs" in the American State Department are now in the hands of a man who is an expert — at giving the Soviets what they want.

The first major test of Mr. Bohlen's expertness is now under way, in the negotiations for "settlement" of the Soviet debt question.

WHO IS DAN SMOOT?

Dan Smoot was born in Missouri. Reared in Texas, he attended SMU in Dallas, taking BA and MA degrees from that university in 1938 and 1940.

In 1941, he joined the faculty at Harvard as a Teaching Fellow in English, doing graduate work for the degree of Doctor of Philosophy in the field of American Civilization.

In 1942, he took leave of absence from Harvard in order to join the FBI. At the close of the war, he stayed in the FBI, rather than return to Harvard.

He served as an FBI Agent in all parts of the nation, handling all kinds of assignments. But for three and a half years, he worked exclusively on communist investigations in the industrial midwest. For two years following that, he was on FBI headquarters staff in Washington, as an Administrative Assistant to J. Edgar Hoover.

After nine and a half years in the FBI, Smoot resigned to help start the Facts Forum movement in Dallas. As the radio and television commentator for Facts Forum, Smoot, for almost four years spoke to a national audience giving both sides of great controversial issues.

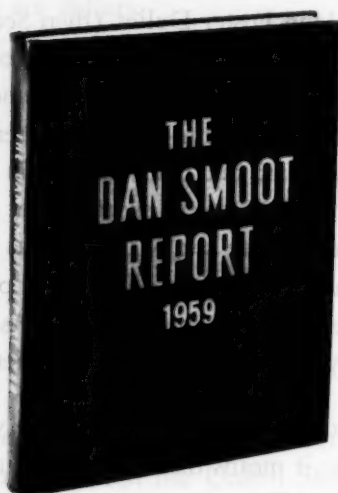
In July, 1955, he resigned and started his own independent program, in order to give only one side — the side that uses fundamental American principles as a yardstick for measuring all important issues.

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